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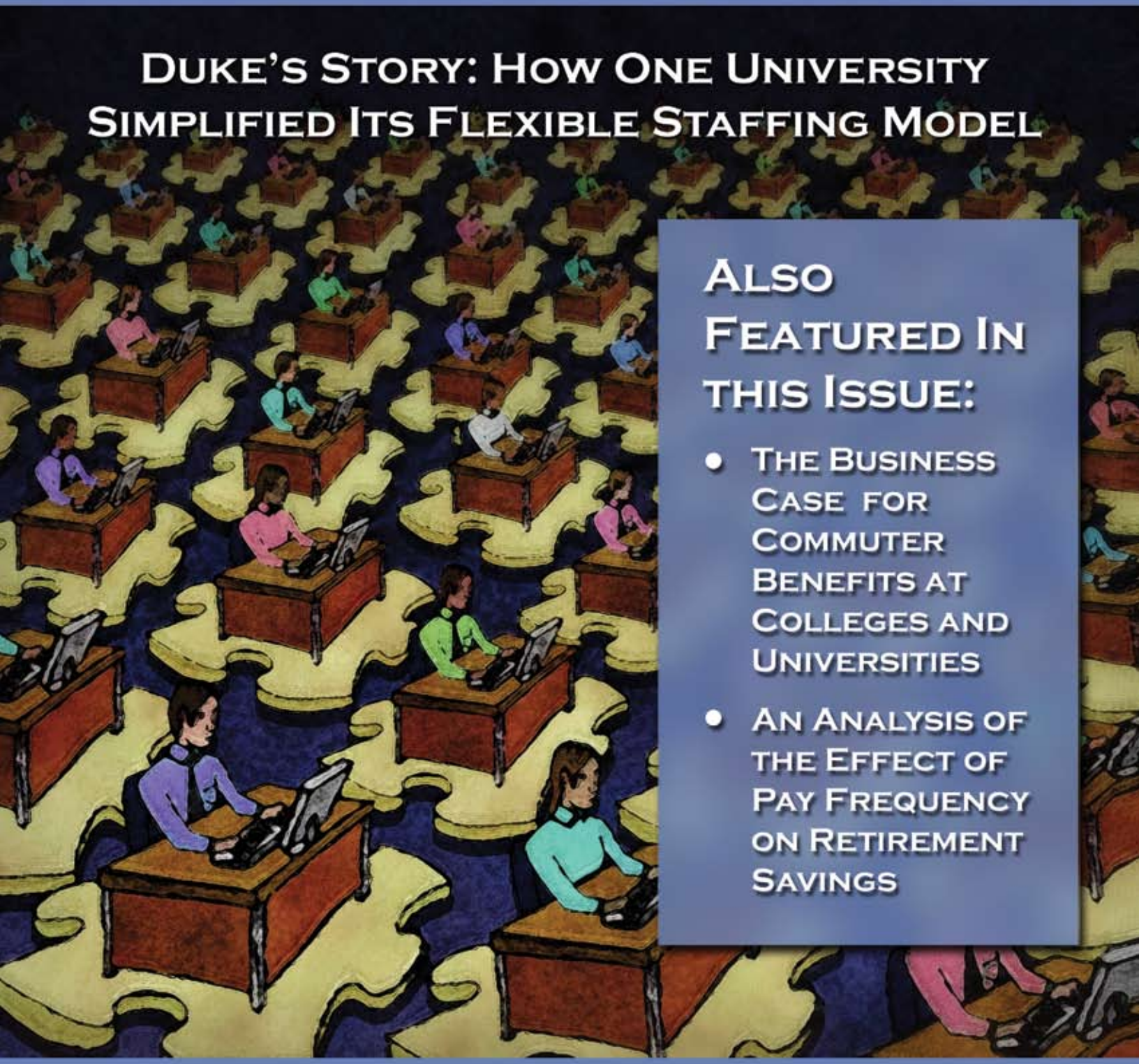
Duke's Story: How One University Simplified Its Flexible Staffing Model



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- An Analysis of the Effect of Pay Frequency on Retirement Savings

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The Business Case for Commuter Benefits at Colleges and Universities

By Patty Klavon, team manager for the U.S. Environmental Protection Agency's Best Workplaces for Commuters[SM]

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The Business Case for Commuter Benefits at Colleges and Universities

BY PATTY KLAVON

For many colleges and universities across the country, finding room for additional parking is becoming a big problem. In this article, one of the managers for the U.S. Environmental Protection Agency's Best Workplaces for Commuters[SM] program explains how offering faculty and staff a comprehensive commuter benefits program can cost an institution much less than constructing new parking spaces.

Introduction

At some point, many colleges and universities face a dilemma—build or acquire more parking spaces to accommodate a growing population, or provide commuter benefits that can help ease the parking crunch. The bottom-line numbers make the decision to implement a commuter benefits program simple to justify—constructing and maintaining new parking spaces is often much more costly than providing commuter benefits for employees. On average, constructing a parking space costs between $1,500 and $17,400, plus additional costs for maintenance, while the average cost of a transit pass for one year is around $260 per employee.[1]

Transportation and parking-related issues are common challenges for most colleges and universities. Campus vehicle traffic can cause serious strain between academic institutions and their surrounding towns, and the fact that parking capacity at many universities cannot meet parking demand simply compounds the problem. Too many cars competing for too few spaces can lead to increased school/community tension as students, employees, and visitors seek parking in surrounding neighborhoods. However, solving the problem by building more parking spaces is expensive and increases congestion not only on campus, but also in the surrounding community. In addition, many schools would rather invest in other priorities, such as new buildings or preserving campus green space.

Often, college and university professionals—and specifically human resources staff—are poised to help influence the school administration's decision to offer commuter benefits to employees. With firsthand knowledge of the benefits employees need and want from an employer, HR professionals can help campus administrators weigh the pros and cons of providing commuter benefits. Schools want to recruit the best faculty and staff possible, and sweetening the deal with commuter benefits can help tip the scales in their direction. Schools across the country have found that establishing a comprehensive commuter benefits program is a win-win situation—helping to bring in the best faculty and staff, while at the same time reducing demand for new parking spaces and preserving funding for other priorities.

A Template for Success: Best Workplaces for Commuters[SM] Meets the Challenge

To meet these challenges head on, many colleges and universities offer commuter benefits to encourage employees to get to work by ways other than driving alone. The U.S. Environmental Protection Agency (EPA) recognizes these innovative employers on its national list of Best Workplaces for Commuters. The colleges and universities on this elite list are improving employees' commutes, reducing traffic congestion and air pollution,

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and enhancing community relations to boot. These institutions find that offering benefits that meet the Best Workplaces for Commuters' *National Standard of Excellence*—a requirement employers must meet to receive the designation—can help their bottom lines and improve the quality of life for students, employees, and neighboring residents.

Institutions providing commuter benefits make an investment that pays dividends not only to the school, but also to the surrounding area. Many universities are the largest employers in their communities, so reducing employee traffic significantly reduces congestion and increases availability of parking. The University of Massachusetts, Amherst, provides transportation services through the use of buses that its students, faculty, staff, and the general public can utilize. Robert Hendry, transportation coordinator at the institution, explains, "Our buses are very popular not only with members of the university community, but also with other Amherst residents not affiliated with the school. The program has done wonders for reducing parking issues in the town." Stanford University's transportation services also are made available to the general public. Its shuttle system has decreased congestion, improved road safety, and reduced air, noise, and water pollution.

Commuter Benefits Make Good Business Sense

Invest in new parking facilities, or spend money encouraging employees and students to use alternative transportation? When institutions are faced with this choice, the bottom-line figure often bolsters the argument for commuter benefits. Table 1 shows the differences in cost between the construction of parking lots and the cost of providing a year of transit transportation at various U.S. universities.

Table 1. Parking Construction vs. Transit Costs[2]

College/University	Setting[3]	Parking Type(s)	Estimated Construction Cost Per Parking Space (2005)	Estimated Cost of Annual Transit Service Per Commuter (2005)
National Average[4]	Suburban or Urban	Surface lot – underground garage	$17,400[5]	$260[6]
Emory University[7] *Atlanta, GA*	Urban	Garage	$12,100– $18,900[8]	$297[9]
University of Arizona[10] *Tucson, AZ*	Urban	Surface lot	$5,080[11]	$112[12]
University of Colorado, Boulder[13] *Boulder, CO*	Suburban	Garage	$11,064–$20,000[14]	$316[15]
Cornell University[16] [17] *Ithaca, NY*	Suburban	Surface lot – garage	$5,620–$15,600[18]	$132[19]
Washington State University[20] *Spokane, WA*	Rural	Surface lot – underground garage	$3,600–$33,980[21]	$141[22]
Clemson University[23] *Clemson, SC*	Rural	Gravel lot – garage	$1,850–$9,800[24]	$117[25]

The costs associated with constructing new parking facilities often far exceed the costs associated with offering commuter benefits. In fact, providing a single parking space in a garage can add up to more than $18,000 (excluding cost of land).[26] That is enough to subsidize a year's worth of transit service for more than seventy commuters.

Commuter benefits also can help reduce parking demand and alleviate tensions with the community. Research shows that the majority of universities report "severe to critical" overflow of parking into the surrounding communities—an estimated four cars are being driven to campus for each available on-campus parking space.[27] Community residents often cite noise, safety concerns, pollution, and inconvenience in finding residential parking as major problems in areas where this overflow parking occurs.[28]

Providing a Benefit That Employees Value

Providing commuter benefits that help employees and job seekers save time and money can distinguish a college or university as an employer of choice. Table 2 illustrates how much money the average person spends per year on driving-related expenses. Providing a superior benefits package can help a given institution rise to the top for job seekers, and helping employees reduce their commuting time and save on vehicle and gas expenses will increase job satisfaction.

Commuter benefits meeting the EPA's *National Standard of Excellence* can also help employees' wallets. In fact, according to the Bureau of Labor Statistics, housing and transportation are the two largest household expenses[29]. In 2003, households spent an average of $7,781 on transportation-related expenses, or about 19 percent of total average household expenditures.[30]

Table 2. Costs of Driving [31]

Vehicle Driving Costs	***Average Cost***
Operating costs (gas, oil, tires, maintenance)	$3.95 per day or $948 per year (over 240 work days) ($0.141 per mile x 28 miles* = $3.95/day)
Ownership costs (full insurance, license, registration, taxes)	$1,288 per year
Depreciation (15,000 miles annually)	$3,879 per year

**Note: Average round trip per 2001 National Household Transportation Survey[32]*

Vehicle-related costs take a significant bite out of most employees' budgets. AAA estimated that, in 2005, it cost an average of 56.1 cents per mile, or $8,410 per year, to own and operate a domestically-produced, mid-sized vehicle. Of that total, according to AAA's estimates, full insurance coverage comprises approximately $1,288 per year.[33]

Fuel costs continue to increase at a fast clip. According to AAA, in 2005, the average driver paid about $1,285 per year, or 8.5 cents per mile, for fuel.[34] Furthermore, in a survey conducted in 2005 by ComPsych Corp., 16 percent of employee respondents said they would change the way they commute if gas prices continue to rise, and 44 percent said they would prefer to, but cannot.[35] However, not all commuting costs are monetary. Employees who drive to work alone often experience more stress and time lost due to traffic. According to the Texas Transportation Institute, a single commuter spends about forty-seven hours each year stuck in traffic.[36] Commuter benefit options—such as subsidized transit passes or access to a shuttle system—are viewed favorably by employees, and also give them feasible alternatives to driving to campus through adjacent neighborhoods.

The University of Denver began its EcoPass program in 2002. The Denver Regional Transit District's (RTD) EcoPass is a transit pass that allows for free and unlimited rides on all RTD bus lines and light rail lines. The EcoPass also includes access to the region's Emergency Ride Home program, which gives employees free rides home via taxi in the event of an emergency or unforeseen schedule change. "When we started our EcoPass program, only 350 employees used the Pass," says Richard Gartrell, the university's director of Human Resources. "Today, 1,200 (out of 2,200) employees regularly request the EcoPass. It's a benefit that they truly value."

Additionally, commuter benefits can be something prospective employees look for when searching for jobs. As part of a comprehensive commuter benefits program, the University of Texas, Austin, provides faculty and staff free rides on the city's bus line, as well as free use of a campus shuttle system. Colleen Stoll, the university's parking and transportation services program manager, says, "We have been able to distinguish ourselves from the competition in recruiting because we can tell people we provide a free ride to work—job seekers love it!"

Demonstrate Your Environmental Leadership

By providing incentives for employees to not drive alone to work, colleges and universities are taking the lead in creating and maintaining a sustainable community. Reducing the number of vehicles on the road relieves local congestion and reduces greenhouse gas emissions while also saving energy. Table 3 outlines the potential reductions in greenhouse gases, nitrogen oxide, gasoline used, and vehicle miles traveled based on a 15 percent reduction in the number of commuters at a given school.

Table 3. Potential Reductions in Pollution, Gasoline, and Vehicle Mileage

University Size	Number of Drive-Alone Commuters	Potential Yearly Reduction*			
		Greenhouse Gases (metric tons)	Nitrogen Oxide (tons)	Gasoline Savings (gallons)	Vehicle Miles Traveled (VMT)
Small	5,000	2,300	9	266,000	5.4 million
Medium	15,000	7,000	27	798,000	16.2 million
Large	30,000	14,000	54	1,595,000	32.4 million

**Based on EPA calculations. Potential reductions are the result of a reduction of approximately 15 percentage points in the rate of drive-alone commuting based on data from Best Workplaces for Commuters employers.*

Because the parking and transportation needs of colleges and universities can have a significant impact on the local community, it is also important to demonstrate environmental leadership by considering sustainable growth options. Commuter benefits are a cost-effective, sustainable growth solution and can help strengthen the relationship between an institution and its community.

The University of Wisconsin, Madison, implemented a commuter benefits program partly to underscore its role as an environmental leader. "We are the largest employer in our community and want to be a good neighbor," says Renee Callaway, the university's transportation program manager. "We recognize our impact on road congestion and air quality, so we offer transit passes to help mitigate our 'footprint' on the local community."

Best Practices in Commuter Benefits

Funding commuter benefits programs can be easier than you think, especially since funding can come from a variety of sources. Cornell University divides the cost of its bus program evenly between the university, Tompkins County, and the City of Ithaca.[37] Clemson University receives federal and state grants to help fund its bus system.[38] Other schools help pay for their programs by spreading the cost to the activities they are trying to reduce. The University of Arizona funds its commuter benefits program with revenues from parking lot permits, metered spaces, special events activities, and citation fees.[39]

Colleges and universities can be in urban, suburban, or rural areas, and certain commuter benefit options are more suitable for some institutions than others. Schools that receive the Best Workplaces for Commuters designation offer commuting options tailored to faculty and staff needs, as well as to location. Following are a few examples:

- ***Subsidized transit passes*** encourage employees to take transit rather than drive alone to work. The University of Michigan began offering free bus passes to faculty and staff in 1997, limiting the availability of the passes to those who did not purchase the $500 annual parking pass. Under this program, the university distributed approximately 3,000 passes each year. In 2004, the university expanded the program and negotiated an agreement with the Ann Arbor Transportation Authority (AATA) to provide free rides on the AATA city buses. Now all students and employees ride for free, regardless of whether they purchased a parking pass. As a result, ridership increased nearly 40 percent in the fall of 2004, translating into another 1,000 people taking the bus every day.
- ***Telework arrangements*** allow faculty members to work from home. At Emory University, telework is a critical component of a comprehensive benefits package. By providing commute alternatives to more than

1,600 employees and students, the university was able to avoid building a new parking deck—a savings of more than $16 million.

- ***Parking cash-out*** rewards employees for not using a parking space. At Dartmouth College, employees living within three-quarters of a mile of the college can receive $180 per year if they choose to give up their spot. Employees who live farther away can earn $360 per year.
- Many universities offer ***free shuttle services*** that allow faculty and staff to travel around campus quickly. However, some institutions, like the University of California, San Francisco, go the extra step and link these shuttles to transit stations to make the commute easier for employees.
- ***Housing subsidies*** allow employees to live closer to work so they can walk ride a bike to work. More than 500 employees at Yale University have taken advantage of financial incentives to purchase homes in the adjacent neighborhoods so they can either walk or take the shuttle to work.
- ***Ridematching programs*** enable employees to find other commuters who want to share a car on the way to work. Employees at Cornell University, in addition to saving money on gas, can earn rebates on their parking costs.
- At some universities, ***vanpool programs*** are popular. The University of Pittsburgh has offered vanpools for twenty years and recently joined a regional commission to have the vanpools centrally administered.

Become One of the Best Workplaces for Commuters℠!

By offering a commuter benefits package that meets the *National Standard of Excellence*, you can show your employees, job seekers, and the community that you take transportation issues seriously and understand the impacts of traffic on the community. See if you qualify as one of the Best Workplaces for Commuters—visit **www.bwc.gov/dowequalify**, where you will find information on the *National Standard of Excellence* and guidelines for receiving the designation. For more information, please email **bwc@epa.gov** or call 888-856-3131.

Notes:

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